TITLE: THE IMPACT OF FINANCIAL TECHNOLOGIES ON SMALL VENDORS OF KITTUR KARNATAKA KITTUR KARNATAKA REGION

A SYNOPSIS

submitted by

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INTRODUCTION

Any innovation's success is determined by how it affects every industry and area within an economy. Any innovation cannot be deemed effective if it is not implemented or updated in accordance with the current demands scenario; therefore, it is vital to first identify the causes of the system's poor operation and validate them for further acceptance

"Fintech' the technological innovation that revolutionized the financial services and financial dealings all over the world has spread its wings widely everywhere. fintech empowered the buissnesess with it's extensive insights in to the service industry. FinTech has become more prevalent in a number of industries in India as a result of the convergence of digital payment platforms, mobile connectivity, and government-led financial inclusion programs like PM-Svanidhi, Jan Dhan Yojana, and Digital India. The informal sector, particularly small vendors who frequently operate outside the purview of established banking institutions, is one of the primary target areas for digital financial services.

The effective and efficient adoption and use of technology breakthroughs is a key indicator of economic progress. Therefore, it's critical to ascertain the extent of the influence of these tech-enabled services as well as the function of fintech in running and enhancing its businesses in light of the revolutionary shifts in consumer preferences and tastes.

Background of the Study

In recent years, the rapid growth of **financial technologies (FinTech)** has transformed the way individuals and businesses access and use financial services. From mobile banking and digital wallets to UPI (Unified Payments Interface) and QR-based payments, these innovations have played a significant role in promoting **financial inclusion**, especially in developing economies like India. As part of the Government of India's push for a **"Digital India"**, FinTech has been positioned as a

tool to empower the informal and unbanked sectors, including small-scale vendors and micro-entrepreneurs.

Small vendors—such as small enterprise owners, kiosk operators, and petty shop owners—form a crucial part of India's informal economy. They often operate with limited capital, inconsistent income, and minimal access to formal financial institutions. In response, FinTech platforms have emerged as potential enablers, offering them access to digital payments, savings, micro-credit, and insurance services with minimal physical infrastructure.

However, the adoption and effectiveness of FinTech among small vendors is not uniform across regions. **The Kittur Karnataka region** (comprising districts such as Belagavi, Dharwad, Bagalkote, Vijayapura, Haveri, Gadag, and Uttara Kannada) presents a mixed economic profile-featuring both growing urban centers and underserved rural pockets. While urban vendors may be increasingly using platforms like UPI and PhonePe, many rural or semi-urban vendors still rely heavily on cash transactions due to barriers such as low digital literacy, poor internet access, and lack of trust in digital systems.

Existing literature has extensively explored the impact of FinTech in urban India and among banked populations, but there remains a notable gap in understanding its grassroots-level impact on small vendors in specific regions like Kittur Karnataka. It is also unclear to what extent FinTech contributes to improved income stability, **customer engagement, and access to government schemes** such as PM-SVANidhi in these regions.

Literature Review

Naik & Shetty (2025) in their research study titled **Impact of UPI on Financial Inclusion of Urban Street Vendors** conducts quantitative survey of 300 Bengaluru vendors shows widespread UPI usage but no significant improvement in savings or digital competency, highlighting barriers beyond access

Siras & Pandey (2024) in their study related t*o "***Fintech Adoption and its impact on Financial Literacy and financial inclusion of street vendors"** Directly studies

street vendors using surveys/interviews; finds FinTech adoption boosts literacy, formal access, but faces trust and digital-literacy challenges

Bakhshi et al. (2024) in their research paper titled**" Barriers in Adoption of FinTech by Street Vendors in India"** Used Interpretive Structural Modeling (ISM) to identify nine interlinked barriers—including risk perception, trust issues, low awareness, literacy, and cash culture—inhibiting FinTech adoption among street vendors.

Priyadharsh ini & Mahalingam (2025) –in his work" **Cashless Economy and Street Vendors in Pollachi Taluk "** especially focus on rural area vendors explains with the help of Survey on. 30 vendors indicates moderate awareness of cashless systems, with adoption hindered by infrastructure and tech-uncertainty.

Siras & Pandey (2024) in their research work titled" **FinTech Adoption, Literacy & Inclusion in Street Vendors"** trys to bring out the **m**ixed urban/semi-urban study reports that FinTech improves financial literacy and inclusion but is limited by literacy, trust, and policy gaps.

Dhanush & Swathi (2023) in the article named**" COVID-19's Impact on UPI Usage by Bengaluru Street Vendors"** propose that their exists a sharp rise in UPI usage amid the pandemic and improved financial inclusion among 50 Bengaluru vendors.

Hegde et al. (2024) in his publication titled as **FinTech Penetration in Rural Karnataka** explores that mixed-methods study shows adoption is low but improving; adoption impeded by awareness, trust, infrastructure .
Joseph & S (2024) in his research study titled **"Adoption of AI-Powered FinTech by Street Vendors"** focus on using TAM and PLS-SEM, identifies perceived value as a key driver of AI-FinTech usage among 580 vendors; education can hinder ease-of-use.

Prabala (2024) in his reseach article titled **Role of PhonePe Among Bengaluru Street Vendors** deals with Small-scale case in Katriguppe shows PhonePe usage simplifies transactions and boosts customer engagement.

Murugan & Shetty (2025) in their recent study titled**" Financial Inclusion and Business Strategy in Mumbai Street Vendors"** Shows inclusive finance systems help

vendors improve revenue, retention, and income stability—but barriers remain in literacy and loan access.

Objectives:

- To assess the level of awareness and adoption of financial technologies among small vendors in the Kittur Karnataka region.
- To evaluate the influence of digital literacy, infrastructure, and trust on the adoption of FinTech services by small vendors.
- To examine the socio-economic impact of FinTech adoption on vendor performance, including income growth, customer base, and financial inclusion.
- To investigate the challenges faced by small vendors in adoption of FinTech tools, including fraud risk, transaction issues, and tech support gaps.
- To explore the effectiveness of government and FinTech initiatives (e.g., PM-Svanidhi, Jan Dhan, UPI incentives) in facilitating digital financial inclusion in the region.

Hypothesis

The adoption of financial technologies by small vendors in the Kittur Karnataka, area is significantly positively correlated with their level of awareness.

Lack of trust, inadequate infrastructure, and low digital literacy all seriously impede small vendors' adoption of financial technologies.

When compared to non-adopters, small vendors who use financial technologies exhibit noticeably better business performance (as shown by revenue, sales volume, and client reach).

A considerable number of operational difficulties, including transaction failures, fraud risks, and technological difficulties, are reported by vendors who have implemented FinTech solutions.

Access to and knowledge of government-led FinTech programs (such as PM-SVANidhi, Jan Dhan Yojana, and UPI-based incentives) significantly improves small vendors' digital financial inclusion.

Problem Statement

Despite the rapid expansion of financial technologies (FinTech) in India, their reach and effectiveness among small vendors in semi-urban and rural areas remain limited and uneven. In the Kittur Karnataka region, which comprises several economically and infrastructurally diverse districts, many small vendors still rely heavily on cash-based transactions due to a combination of low digital literacy, lack of trust, inadequate infrastructure, and limited awareness of government-supported digital financial schemes.

While digital financial services offer potential for improving vendor income, customer engagement, and business sustainability, there is insufficient region-specific research that assesses how these technologies are adopted, what challenges vendors face in their day-to-day use, and whether FinTech is meaningfully contributing to financial inclusion and business growth in this context. This study seeks to fill that gap by evaluating the awareness, adoption, impact, and limitations of FinTech solutions among small vendors in the Kittur Karnataka region.

Research Methodology

1. Research Design

- **Type:** Descriptive and Exploratory
- **Approach:** Mixed-method (Quantitative + Qualitative)

2. Sampling Design

Element	**Details**
Population	Small vendors (small enterprises, petty shop owners) in districts of Kittur Karnataka (e.g., Belagavi, Bagalkote, Dharwad, Haveri, Gadag, Vijayapura, and Uttara Kannada)

Element	**Details**
Sampling Method	Stratified Random Sampling based on district and vendor type
Sample Size	300-400 vendors (depending on scope and resources)

3. Data Collection Methods

A. Primary Data

- Structured Questionnaire: For quantitative data
    - Sections: Demographics, FinTech awareness, usage frequency, perceived benefits, challenges
    - Likert-scale questions for hypothesis testing (e.g., on trust, infrastructure, adoption intent)
- Interviews : For qualitative insights
    - Conducted with 50-60 vendors to understand lived experiences, fraud incidents, trust factors, etc.

B. Secondary Data

- Reports from RBI, NITI Aayog, PM-SVANidhi dashboard, NPCI UPI data
- Literature from previous academic studies on FinTech in rural India/Karnataka

4. Tools & Techniques for Analysis

Purpose	Method/Tool
Descriptive Statistics	Mean, Frequency, Standard Deviation
Inferential Statistics	t-test, ANOVA, Chi-square tests
Hypothesis Testing	Multiple Regression Analysis, Correlation, SEM (optional)

Purpose	Method/Tool
Qualitative Analysis	Thematic coding of interview responses
Software	SPSS, Excel, or R for statistics; NVivo for qualitative

Conclusion:

In the Kittur Karnataka area, financial services have a significant influence on the stability and expansion of small vendors. These suppliers may grow small enterprises, control risks, and enhance their standard of living by having access to digital payment systems, banking, credit, and insurance. Their economic stability is improved by financial inclusion, which also makes them more robust and competitive in a market that is changing quickly. However, issues like limited access to formal credit, a lack of financial awareness, and technological impediments continue to exist. For financial services to fully realise their potential in uplifting small vendors and promoting economic growth, targeted financial support, education, and inclusive legislation are essential.